



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-D May 17, 2016

LORI GLASGOW
EXECUTIVE OFFICER

May 17, 2016

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL TO AMEND TWO DISPOSITION AND DEVELOPMENT AGREEMENTS, AND ALL
RELATED LOAN DOCUMENTS FOR SUNSHINE TERRACE APARTMENTS IN
UNINCORPORATED SOUTH WHITTIER AND OSAGE APARTMENTS IN UNINCORPORATED
LENNOX
(DISTRICTS 2, 4) (3 VOTE)**

SUBJECT

This letter recommends the authorization to amend two Disposition and Development Agreements and all related loan documents between the Community Development Commission (Commission) and Sunshine Repurchase, LLC, for Sunshine Terrace Apartments, a 50-unit multifamily affordable housing development located at 10800 Laurel Avenue in unincorporated South Whittier, and Osage Apartments, L.P., for Osage Apartments, a 21-unit multifamily affordable housing development located at 11128 South Osage Avenue in unincorporated Lennox.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director, or his designee, to negotiate and amend, and if necessary, terminate the Disposition and Development Agreement (DDA) and all related documents with Sunshine Terrace Repurchase, LLC for Sunshine Terrace Apartments, a 50-unit multifamily affordable housing development in unincorporated South Whittier, following approval as to form by County Counsel.
2. Authorize the Executive Director, or his designee, to negotiate, amend, and if necessary, terminate the DDA and all related documents with Osage Apartments, L.P., for Osage Apartments, a 21-unit multifamily affordable housing development in unincorporated Lennox, following approval as to form by County Counsel.

3. Authorize the Executive Director, or his designee, to modify the interest rates on the Promissory Notes to reflect customary interest rates of 3% simple interest, from the inception of the loans; and waive approximately \$738,052 in accrued interest on the modified loans to permit the new partnership to secure financing for the acquisition and rehabilitation of the units at Sunshine Terrace Apartments and Osage Apartments (the Project) upon resyndication.

4. Authorize the Executive Director, or his designee, to negotiate, execute, and if necessary amend or terminate all related documents including, but not limited to, documents to subordinate the loans to permanent financing, Assignment and Assumption Agreement, Promissory Note, Deed of Trust, and Conditions, Covenants and Restrictions necessary for the implementation of the Project, following approval as to form by County Counsel.

5. Find that approval of the amendments and related documents is not subject to the provisions of the California Environmental Act (CEQA) because the action is not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to amend the DDAs and all related loan documents for the Project in order to preserve affordable multifamily housing by extending the affordability term from 2037 to 2071.

FISCAL IMPACT/FINANCING

There is no impact on County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 10, 2016, your Board, acting as the Board of Supervisors and the Board of Commissioners of the Housing Authority, approved a plan of financing to issue Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not to exceed \$9,450,000 for the acquisition and substantial rehabilitation of the Project. As a result, the DDAs and all related agreements for the Project must be amended to reflect these financial terms, which will result in extended affordability and an extension of the useful life of the buildings.

In 1991, the Commission provided \$575,000 in Community Development Block Grant (CDBG) funding for the acquisition and construction of Osage Apartments, an affordable 21-unit multifamily property located at 11128 South Osage Avenue in unincorporated Lennox.

In 1997, the Commission provided a HOME loan for \$2,064,310 and a CDBG loan for \$1,391,079 for the acquisition and construction of Sunshine Terrace Apartments, an affordable 50-unit multifamily property located at 10800 Laurel Avenue in unincorporated South Whittier.

Abode Communities, a non-profit developer and current owner, submitted a proposal for a scattered site resyndication of Osage Apartments and Sunshine Terrace Apartments. The proposed financial transaction and restructuring of ownership will result in the consolidation of both projects under a new partnership called Sun Sage Homes, L.P. Sun Sage Homes, L.P. will consist of Sun Sage Homes, LLC as the Managing General Partner of which Abode Communities Housing will be the sole member, and a yet to be determined Limited Partner/ Investor.

In order for Abode Communities to proceed with the resyndication, the Executive Director will execute amended DDAs, and all related loan documents to reflect the modified interest rate of 3% simple interest, and new affordability and loan terms.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. These activities are not subject to the provisions of the CEQA pursuant to State CEQA Guidelines 15060 (c)(3) and 15378 because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The requested actions will preserve much needed affordable housing for low-income households.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:rs